IMA Members Only: China Magnesium Industry and Market Bulletin – April 2014

Ms. Chen Ailian Proposes for Strengthening Mg-alloy Industry

Sunlight Metal news: Ms. Chen Ailian, Chairman of Wanfeng Auto Holding Group and deputy to the National People's Congress (NPC), delivered to central government the Proposal on Substantially developing Mg-alloy Industry during second session of the 12th NPC. Ms.Chen, a private entrepreneur of notability, also holds the newly-acquired Meridian.

She concludes that Mg-alloy in auto industry will conducive to energy saving and environmental protection, resulting in lowering fuel consumption and emission while realizing lightweight in auto body, and lower energy for cyclic process against other traditional materials. Accordingly, she suggests as follows:

1. Issue preferential policy for Mg-alloy-related producers: To enhance the production and application of Mg-alloy forging, extrusion and FRP, preferential policy, including VAT refund, should be implemented to facilitate the technical and product update of Mg-alloy casting and parts producers.
2. Establish strategy alliance for Mg-alloy application and commercial production: The alliances cover Mg-alloy in auto, bike, aviation and military industries, with fund support.
3. Provide fund for Mg-alloy R & D and industrialization.
4. Resume and increase export refund for Mg-alloy fabrication: increase the export rebate for both Mg-alloy fabrication and articles.
5. Establish subsidy and reward system for domestic Mg-alloy products and lightweight.

Wanfeng Auto Holding Group leads Al-alloy hub industry in China. It also operates Weihai Wanfeng Magnesium for Mg-alloy hub and other castings. In December 2013, it acquired, through its subordinate Tianshuo Investment, 100% share of Meridian Lightweight Technologies.

The proposal by Ms. Chen was a joint effort by experts from magnesium and auto industries, including Mr. Dong Chunming, GM of Sunlight Metal, and Mr. Yanjianlai, Deputy Director of SAE-China.

Top 10 Primary Magnesium Producers by Output in 2013

By statistics from the CMA, there were 32 producers each boasting 10kt/a plus of capacity in 2013, with subtotal output at 597.5kt, or 77.63% of national total, up 25.3%, while 5 producers each boasts 30kt/a plus of output, with subtotal output at 198.2kt/a, or 25.8% of national total, also indicating growth.
Note: Output of Huiye Magnesium includes its 2 plants in Fugu, Shaanxi, and Taiyuan Yiwei Magnesium includes its 2 plants in Shenmu, Shaanxi.

37 Magnesium Products into Recommendatory Catalogue of High-Tech Products in Nonferrous Metal Industry

On March 25, the China Nonferrous Metals Industry Association issued, in Beijing, the Recommendatory Catalogue of High-Tech Products in Nonferrous Metal Industry. Wangqinhua, deputy director of the Association, gave related introduction and explanation.

Included in the catalogue are 27 Mg products, i.e., high-strength wrought Mg-alloy, high-purity Mg, Mg-alloy precision casting, heat-resistant Mg-alloy casting, large-section Mg-alloy semi-continuous casting and slab, rare earth Mg-alloy casting, large-section Mg-alloy hollow profile, large Mg-alloy extrusion with large section and hollow structure, isothermal Mg-alloy profile, Mg-alloy forging, Mg-alloy forging hub; large Mg-alloy structure with isothermal forging, large-section Mg-alloy sheet, Mg-alloy FRP, Mg-alloy strip, Continuous rolling Mg-alloy sheet, isothermal and high plasticity Mg-Zn-RE sheet, Mg-alloy sheet with high extrusion and rolling plasticity, Mg-substrate biomaterial, Mg-alloy hot rolling sheet, Mg-alloy precision rolling sheet, Mg and MgH2 with nano-size, Mg-substrate hydrogen storage material, high-voltage and high efficient Mg sacrifice anode rode, low-voltage and long-life Mg sacrifice anode rode, high-performance Mg alloy for anode protection project, and complex-section Mg-alloy profile.

Wanqinhua said nonferrous metal industry, for long time, has been generally defined as energy intensive and environmentally pollution industry, however, these are unscientific and inaccurate, resulting in unfavorable limits in both export rebate and fabrication trade. The timely catalogue will enhance the objective understanding from all works of life for nonferrous metal industry, play an active role in long-term industry reshuffle and update transfer, and lay practicable foundation for industry, tax and trade policies from related governments.

AMGAIN Shandong Magnesium Receives ISO9001 and ISO14001 Certificates

AMGAIN Shandong Magnesium receives ISO 9001 and ISO14001 certificates as indicated in its website.

AMGAIN Shandong Magnesium, as high-tech producer, intensifies its efforts in Mg-alloy R & D, with complete industry chain spanning Mg-alloy smelting, extrusion, casting and sheet facilities. Now it serves Mg-alloy solutions for rail transport, aviation and spaceship, power-driven tools, lightings and general machinery. By large section extrusion technology and
4500T extrusion, the largest tonnage extrusion in China, it develops series of Mg-alloy wide-section profile, and 18 technologies are intellectually proprietary. By 4500T extrusion, it produces 1mm long and 1200mm plus wide Mg-alloy sheet, with commercial price within 5000 RMB yuan per ton.

**Ningxia Initiates Ningxia Mg and Mg-Alloy Technology Center**

Sunlight Metal news: Ningxia Mg and Mg-Alloy Technology Center is established, upon the discussion and examination, by expert team from China Magnesium Association, Metallurgical Industry Office of Ningxia government, Ningxia Magnesium Association, and Economic & Information Commission of Ningxia government, following the regulation of Management Procedure of Ningxia Project Technology Research Center, and taking into account the substantial technical force and complete basic condition equipped by Ningxia.

The center will be conducive to the healthful development, and benefit the comprehensive competitiveness of local magnesium industry.

**Export Hit 67.3kt; up 13.6% for the First 2 Months in China**

Sunlight Metal news: By statistics from China Customs, export of magnesium products in the first 2 months for year 2014 hit 67.3kt, up 13.6%. Of which, ingot stood at 33.6kt, up 6.5%; alloy at 18.5kt, up 25.3%; powder at 13.2kt, up 14%; article at 870t, up 25.4%, and semis at 700t, up 8.9%.

As shown above, the first 2 months saw healthful uptrend, and the export of 5 HS code magnesium products all continued to grow up, especially both magnesium alloy and article. The growth in export shows the recovery of consumption globally.

**Output of Primary Magnesium Closed at 115.2kt; up 1.8% for the First 2 Months in China**

Sunlight Metal news: Statistics from China Nonferrous Metal Industry Association indicated that the first 2 months saw 115.2kt of primary magnesium output, up 1.8%. Of which, subtotal output in Shaanxi stood at 50.4kt, up 13.3%; 36.7kt in Shanxi, down 15.4%; 15.9kt in Ningxia, down 3%; 5.4kt in Xinjiang, up 224.5%; 4.9kt in Henan, up 16.4%; 800t in Jilin, up 101.3%; 600t in Sichuan; 300t in Inner Mongolia, down 50.5%, and 30t in Qinghai, down 93.9%.

As shown above, output of primary magnesium during the first 2 months kept its uptrend, but with narrow growth rate. Shaanxi went through better growth, but downtrend in Shanxi and Ningxia, especially in Shanxi. Growth also covered Henan, Xinjiang and Jilin.

**1.65 Billion Yuan of Loan into 9 Fugu-located Magnesium Producers**

The Shaanxi Magnesium Association announced Baoshang Bank injected 1.65 billion yuan of credit loan, on March 31, into 9 backbone magnesium producers in Fugu. The move clears up the rumor that private companies in Fugu are deprived of the financial support from banks, and also revitalize the confidence from local private companies.

From H2 (2013), private companies in Fugu, stricken by downward economy, have encountered unprecedented shock, resulting in shrinking and even no net profit following the deduction of overhead expense, financial expense and tax. They are of insolvency for paying bank loan. Accordingly, many companies live in financial straits and operational predicament.

From Sept.2013, Baoshang Bank staged intensive investigation on 28 out of 33 producers. Upon 3-month study, the bank concludes that magnesium industry in Fugu is complete with cyclic economy, competitive cost, large market, substantial profit and lower risk. Fugu, in magnesium industry, contributes large share to national and global output. By downstream fabrication, Fugu is of bright prospect. So, Boshang Bank decides to provide financial support to magnesium producers in Fugu.

In October 2013, Baoshang Bank and Fugu Magnesium Association jointly initiate Baoshang -Bank-Dedicated Magnesium Producer Club. Its first member include 9 magnesium producers, i.e., Jingfu Coal & Chemical, Tianyu Group, Wanyuan Group, Shengtian Group, Jinwantong Magnesium, Zhongmei Coal & Chemical, Tongyuan Magnesium, Huanshun Magnesium, and Yide Magnesium Alloy. Upon strict and precise examination, the above 9 companies receive 1.65 bln. yuan of credit loan.
Upon the injection of financial support, 9 producers will further develop their strong points, and their output will ramp up to 1/3 of national total from former 1/4. Consequently, Baoshang Bank will continue cooperation with Shaanxi Magnesium Association, and issue, in Apr. 2014, the strategy agreement.

**Magnesium China 2014: The Best Exhibition for Magnesium Industry in China**

On July 7, 2014, the grand opening of Magnesium China 2014 in Shanghai New International Expo Centre (SNIEC) will take place. The Expo will be held from July 7-9, 2014. It will highlight magnesium industry showcase, dedicate to the most influential platform for magnesium sector. Sunlight Metal suggests active participation from magnesium industry.

The organizer, Reed Exhibitions, leads the global exhibition with marvelous invitation and spectator appeal. Supported by China Nonferrous Metal Industry Association, this exhibition takes place simultaneously with Aluminum China 2014, the summit gathering worldwide and the No.1 aluminum industry exhibition in Asia. Aluminum China 2014 will run for its 10th debut in China, attract over 500 leading companies worldwide from over 30 countries and regions. Of it’s over 16,000 visitors, half of them come from downstream sectors including aluminum fabrication, auto, casting, packing, machinery, B&C, and electronics segments. Also present are hundreds of media for on-site press. Taking into account some same property between magnesium and aluminum, organizer attentively arranges Magnesium China 2014 to attract more visitors and enhance the influence of magnesium industry.

Magnesium China 2014, from 2011 to 2013, has run for 3 years, and attracted dozens of magnesium and magnesium alloy producers, including Beijing Gonleeer, Jiarui Holding, AMGAIN Shandong Magnesium, Tianjin Dongyi Magnesium, Stoffig Mould(Shanghai), Yinguang Magnesium, Yinhe Magnesium, Wuxi Fumei Light Alloy Sci. & Tech., Nanjing Yunhai Special Metals, Regal Magnesium, RAUCH, Nanjing Baoqi Magnesium Sci. & Tech., Chinalco Luoyang Copper, Shenzhen Yamei Sci. & Tech., Zibo Hongtai Anti-Corrosion, Shanxi Credit Magnesium, Hebi Magnesium Association, and Fugu Magnesium Association. It is reported that more producers attended than ever before and will present in Magnesium China 2014.

Mr. Dong Chunming, magnesium industry expert, and GM of Sunlight Metal says magnesium producers, especially both magnesium alloy and fabrication producers, will, by the most influential Aluminum China 2014, find more potential customers, widen their horizon, and tap new magnesium market.

For more information please visit [www.magnesiumexpo.com](http://www.magnesiumexpo.com).

**Outsourcing Magnesium by Sponge Titanium Producers in China hit 74kt in 2013**

Sunlight Metal news: Statistics from China Titanium Association shows year 2013 saw output of sponge titanium at 81.2kt by 13 producers, against 84.5kt in 2012, down 0.34%, while net export closed at 3.6kt, and sales at 77.6kt (including that by State Reserve Bureau) , up 5.7%. Sunlight Metal believes that magnesium demand by sponge titanium in 2013 stood at 74kt, basically the same level as in 2012.

Sunlight Metal was informed that both Zunyi Titanium and Luoyang Sunrui Wanji mainly consumed their own magnesium but with part of outsourcing magnesium, while remaining 11 producers all depend on outsourcing reductant.

Also, output of titanium ingot closed at 62216t in 2013, down 4.2%, titanium semis at 44453t, down 13.8%, net export at 5974t, and sale at 38506t, down 10.5%.

Despite declining demand from domestic chemical and metallurgical sectors, such sectors add momentum to titanium consumption as large aircraft, marine defense and projects, aviation and spaceflight segments. In international market, the year 2013 saw difficult recovery of economy in both Europe and USA, and more in financial straits is Japan. So, large scale downtrend for sponge titanium demand prevailed in international market. Against sluggish demand at home and abroad, titanium industry in China goes through dilemma. In 2013, titanium industry, owing to slack demand, saw over capacity, and sharp decline in price for both sponge titanium and its semis, and even fluctuated for 7 running months in minimum price. Basically, sponge titanium industry in China run in loss while titanium semis operates in low margin.
Sunlight Metal believes that sponge titanium industry, as traditional end use market, will, owing to limited growth, be more competitive and its consumption on magnesium will be basically unchanged.

**Magnesium Ingot Price by Sunlight Metal**

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<tr>
<th>Date</th>
<th>Fugu</th>
<th>Wenxi</th>
<th>Taiyuan</th>
<th>Ningxia</th>
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Sunlight Metal collects and publishes daily ingot quotation and FOB price from key magnesium production regions objectively, independently and systematically. Being taken into account the viewpoints from both supplier and consumers, Sunlight Metal price, rationally reflecting the change in market, is the most authoritative in domestic magnesium sector for 5 years running. For more detail and inquiry, please contact us at info@chinamagnesium.net.

*Source: www.lightmetal.com.cn/en (04-Apr-2014)*